

ALASKA LEGISLATURE

2693

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

SENATE FINANCE COMMITTEE

SIGN-IN

SB 173-SCIENCE & TECH FOUNDATION/BIDCO/INT.TRADE

✓ NAME: EDGAR BLATKOWSKI Subject/Bill No: 173
Co./Dept./Title: DCEO Phone: 786.2500
Address: JUNEAU Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SB

177

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 177
 (S) Publish Date: 4/23/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title Alaska COLA for retirees called to BRU Centralized Administrative Services
active military duty outside the state... Component Retirement and Benefits
 Sponsor Senator Stevens
 Requester: Senate State Affairs Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This legislation would allow a PERS or TRS retiree residing in the Alaska to continue receiving the 10% Alaska retiree cost of living allowance (COLA) if s/he is a member of a reserve or auxiliary component of the U.S. armed forces and is called to active duty outside the state. This will have no fiscal impact on the retirement systems as the number of retirees affected by this change would be very small and the system already expects to pay these benefits.

Prepared by: Guy Bell, Director Phone 465-4471
 Division: Retirement and Benefits Date/Time April 17, 2003
 Approved by: Mike Miller, Commissioner Date April 17, 2003
 Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 177
 (S) Publish Date: 4/23/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title Alaska COLA for retirees called to BRU Centralized Administrative Services
active military duty outside the state... Component Retirement and Benefits
 Sponsor Senator Stevens
 Requester Senate State Affairs Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would allow a PERS or TRS retiree residing in the Alaska to continue receiving the 10% Alaska retiree cost of living allowance (COLA) if s/he is a member of a reserve or auxiliary component of the U.S. armed forces and is called to active duty outside the state. This will have no fiscal impact on the retirement systems as the number of retirees affected by this change would be very small and the system already expects to pay these benefits.

Prepared by: Guy Bell, Director Phone 465-4471
 Division: Retirement and Benefits Date/Time April 17, 2003
 Approved by: Mike Miller, Commissioner Date April 17, 2003
 Agency: Department of Administration

SENATE BILL NO. 177

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY SENATORS BEN STEVENS, Taylor, Green, Wilken, Bunde, Cowdery, Dyson, Gary Stevens, Wagoner, Seekins, Elton, Therriault, Olson

Introduced: 4/7/03

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to cost-of-living benefits for retired members in the public employees'
2 retirement system and the teachers' retirement system who are called to active military
3 duty; and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. AS 14.25.142(c) is amended to read:

6 (c) In this section, "residing in the state" means domiciled and physically
7 present in the State of Alaska. A [BEING ABSENT FROM THE STATE FOR A
8 CONTINUOUS PERIOD OF 90 DAYS OR LESS, OR SIX MONTHS OR LESS
9 WHEN ORDERED BY A PHYSICIAN, DOES NOT CHANGE A] person's status as
10 "residing in the state [.]" does not change if the person is absent from the state for
11 a continuous period of
12 (1) 90 days or less;
13 (2) six months or less, when ordered by a physician to be absent
14 from the state; or

1 (3) any length of time while the person is a member of a reserve or
 2 auxiliary component of the armed forces of the United States, including the
 3 organized militia of Alaska consisting of the Alaska National Guard, the Alaska
 4 Naval Militia, and the Alaska State Defense Force, and is called to active duty by
 5 the appropriate state or federal authority.

6 * Sec. 2. AS 39.35.480(d) is amended to read:

7 (d) For purposes of this section, "residing in the state" means domiciled and
 8 physically present in the state. A [BEING ABSENT FROM THE STATE FOR A
 9 CONTINUOUS PERIOD OF 90 DAYS OR LESS OR SIX MONTHS OR LESS

10 WHEN ORDERED BY A PHYSICIAN DOES NOT CHANGE A] person's status as

11 "residing in the state [.]" does not change if the person is absent from the state for
 12 a continuous period of

13 (1) 90 days or less;

14 (2) six months or less, when ordered by a physician to be absent
 15 from the state; or

16 (3) any length of time while the person is a member of a reserve or
 17 auxiliary component of the armed forces of the United States, including the
 18 organized militia of Alaska, consisting of the Alaska National Guard, the Alaska
 19 Naval Militia, and the Alaska State Defense Force, and is called to active duty by
 20 the appropriate state or federal authority.

21 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 RETROACTIVITY. Sections 1 and 2 of this Act are retroactive to January 1, 2003.

24 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

OFFICE OF THE MAJORITY LEADER

Interim:
716 WEST 4TH AVENUE
ANCHORAGE, AK
99501-2133
(907) 269-0200
FAX (907) 269-0204

Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872

SENATOR BEN STEVENS

MEMORANDUM

May 9, 2003

To: Representative Bill Williams, Co-Chair
House Finance Committee

From: Senator Ben Stevens
Majority Leader

Subject: Request a hearing for SB 177

Please schedule SB 177, "An act relating to cost-of-living benefits for retired members in the public employees' retirement system and the teachers' retirement system who are called to active military duty; and providing for an effective date," before the House Finance Committee at your earliest convenience.

A constituent of mine retired from the Anchorage School District in July 2001. He is currently living in Alaska and receiving an Alaska cost-of-living allowance (COLA) which is 10% of his base pay. An average COLA benefit is approximately \$250.00 per month. The military has called him to active duty and he will be deployed to Iraq with the Army's First Cavalry Division. The military has informed him that the deployment will likely last one year with the possibility of additional time at Forces Command Headquarters. His family will not accompany him to Iraq and will maintain their home in Anchorage. Under existing statute he will not be allowed to continue to receive his Alaska COLA.

SB 177 will allow retirees, currently receiving COLA, who get called to active military duty to receive their cost-of-living allowance while out of the state on active duty.

There is no fiscal impact of this legislation, and it will not adversely affect the retirement system.

I appreciate your favorable consideration of this request.

Alaska State Legislature
OFFICE OF THE MAJORITY LEADER

Interim:
716 WEST 4TH AVENUE
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99501-2133
(907) 269-0200
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STATE CAPITOL
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(907) 465-4993
FAX (907) 465-3872

SENATOR BEN STEVENS

Sponsor Statement
Senate Bill 177

SB 177, "An act relating to cost-of-living benefits for retired members in the public employees' retirement system and the teachers' retirement system who are called to active military duty; and providing for an effective date."

An Alaska Cost-of-Living Allowance is payable to benefit recipients of the public employees' and teachers' retirement system who remain domiciled in Alaska after retirement. The allowance is 10% of their base pay. A person receiving a COLA is not entitled to the allowance if absent from the state for a time period in excess of 90 continuous days, except that a person may be absent from the state for not more than six months without a loss of COLA if the absence is the result of illness and required by order of a licensed physician.

Upon return to the state and upon notification to the Department of Administration the person is again entitled to receive the monthly cost-of-living allowance, commencing with the first monthly benefit payment.

Our retired public employees currently receiving COLA in the State and who are called to active duty in the military would not be eligible for the COLA payment while serving our country, under existing statute. SB 177 rectifies this situation and allows retired public employees eligible to continue to receive their COLA while on active military duty.

SB

177

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
 MAY 6 2003
 SENATE FINANCE COMMITTEE

DATE: 4/23/03

FURTHER:

DATE TURNED
 IN TO OFFICE: 6 May 2003

Finance Committee considered SENATE BILL NO. 177

SB 177 PERS/TRS COLA FOR ACTIVE DUTY MILITARY

"An Act relating to cost-of-living benefits for retired members in the public employees' retirement system and the teachers' retirement system who are called to active military duty; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Admin	2/17/03		✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Adrian Taylor</i>	✓			
<i>Richard L. ...</i>			✓	
<i>J.C. Blunt</i>			✓	
<i>Ben Stevens</i>	✓			
COCHAIR: <i>Linda Green</i>	✓			
COCHAIR: <i>Gary White</i>	✓			

FISCAL NOTE

REPORTED BY
MAY 6 2003
SENATE FINANCE
COMMITTEE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 177
(S) Publish Date: 4/23/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title Alaska COLA for retirees called to BRU Centralized Administrative Services
active military duty outside the state... Component Retirement and Benefits
Sponsor Senator Stevens
Requester Senate State Affairs Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This legislation would allow a PERS or TRS retiree residing in the Alaska to continue receiving the 10% Alaska retiree cost of living allowance (COLA) if s/he is a member of a reserve or auxiliary component of the U.S. armed forces and is called to active duty outside the state. This will have no fiscal impact on the retirement systems as the number of retirees affected by this change would be very small and the system already expects to pay these benefits.

Prepared by: Guy Bell, Director Phone 465-4471
Division: Retirement and Benefits Date/Time April 17, 2003
Approved by: Mike Miller, Commissioner Date April 17, 2003
Agency: Department of Administration

Alaska State Legislature
OFFICE OF THE MAJORITY LEADER

Interim:
716 WEST 4TH AVENUE
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FAX (907) 269-0204

Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
(907) 465-4993
FAX (907) 465-3872

SENATOR BEN STEVENS
MEMORANDUM

April 22, 2003

To: Senator Gary Wilken, Chair
State Affairs Committee

From: Senator Ben Stevens *BAS*
Majority Leader

Subject: Request for a hearing on SB 177

Please schedule SB 177, "An act relating to cost-of-living benefits for retired members in the public employees' retirement system and the teachers' retirement system who are called to active military duty; and providing for an effective date," at your earliest convenience.

A constituent of mine retired from the Anchorage School District in July 2001. He is currently living in Alaska and receiving an Alaska cost-of-living allowance (COLA) which is 10% of his base pay. An average COLA benefit is approximately \$250.00 per month. The military has called him to active duty and he will be deployed to Iraq with the Army's First Cavalry Division. The military has informed him that the deployment will likely last one year with the possibility of additional time at Forces Command Headquarters. His family will not accompany him to Iraq and will maintain their home in Anchorage. Under existing statute he will not be allowed to continue to receive his Alaska COLA.

SB 177 will allow retirees, currently receiving COLA, who get called to active military duty to receive their cost-of-living allowance while out of the state on active duty.

I appreciate your favorable consideration of this request.

Alaska State Legislature
OFFICE OF THE MAJORITY LEADER

Interim:
716 WEST 4TH AVENUE
ANCHORAGE, AK
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SENATOR BEN STEVENS

Sponsor Statement
Senate Bill 177

SB 177, "An act relating to cost-of-living benefits for retired members in the public employees' retirement system and the teachers' retirement system who are called to active military duty; and providing for an effective date."

An Alaska Cost-of-Living Allowance is payable to benefit recipients of the public employees' and teachers' retirement system who remain domiciled in Alaska after retirement. The allowance is 10% of their base pay. A person receiving a COLA is not entitled to the allowance if absent from the state for a time period in excess of 90 continuous days, except that a person may be absent from the state for not more than six months without a loss of COLA if the absence is the result of illness and required by order of a licensed physician.

Upon return to the state and upon notification to the Department of Administration the person is again entitled to receive the monthly cost-of-living allowance, commencing with the first monthly benefit payment.

Our retired public employees currently receiving COLA in the State and who are called to active duty in the military would not be eligible for the COLA payment while serving our country, under existing statute. SB 177 rectifies this situation and allows retired public employees eligible to continue to receive their COLA while on active military duty.

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 4/7/03

FURTHER: Finance

Date of 5-Day Notice: 4/17/03
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/22/03

State Affairs Committee considered SENATE BILL NO. 177

SB 177 PERS/TRS COLA FOR ACTIVE DUTY MILITARY

"An Act relating to cost-of-living benefits for retired members in the public employees' retirement system and the teachers' retirement system who are called to active military duty; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOA	4/1/03		✓	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>John J. Cowdey</i>	✓			
<i>Frank [unclear]</i>	✓			
CHAIR: <i>[Signature]</i>				

Cowdey
Dyson

G. Skvens

SENATE FINANCE COMMITTEE

SIGN-IN

SB 177-PERS/TRS COLA FOR ACTIVE DUTY MILITARY

did not testify

NAME: JANET PARKER Subject/Bill No: SB 177

Co./Dept./Title: Retirement & Benefits - Deputy Director Phone: 4473

Address: Box 110203 Zip: 99811-0203

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SB

179

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/10/03

REPORTED OUT
MAR 08 2004
SENATE FINANCE
COMMITTEE

FURTHER:

DATE TURNED
IN TO OFFICE: 8 March 2004

Finance Committee considered

SENATE BILL NO. 179

SB 179 TEACHER CERTIFICATION : FINGERPRINTS

"An Act allowing teacher certification for certain persons based on a criminal history background check without fingerprints."

and recommends:

- be replaced with _____ CS SB 179 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
 new title

House Bill:

- same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DPS	3/8/04		✓	
EED	3/8/04		✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
Ben Stevens	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

FISCAL NOTE

REPORTED OUT

MAR 08 2004

SENATE FINANCE
COMMITTEE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 179 (HES)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: EED
Title "An Act relating to criminal history records and background checks; allowing persons..." RDU Teaching and Learning Support
Component Teacher Certification
Sponsor Senator Therriault
Requester Senate HESS Component No. 1240

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

POSITIONS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
This is a zero fiscal note.

Prepared by: Barbara Thompson, Director Phone 907-465-8679
Division Teaching and Learning Support Date/Time 3/8/04 8:41 AM
Approved by: _____ Date 3/8/2004
Agency Education & Early Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

REPORTED OUT

MAR 08 2004

SENATE FINANCE
COMMITTEE

Fiscal Note Number: SB179CS(FIN)-DPS-CRI-3-3-04
 Bill Version: CSSB 179(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____
 Title: Teacher Certification: Fingerprints

Dept. Affected: DPS
 BRU: Statewide Support
 Component: Criminal Records & ID

Sponsor: Senator Therriault
 Requester: Senate Finance

Component No.: 1190

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

POSITIONS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill clarifies DPS' current practices for fingerprint-based criminal record checks in order to (1) ensure that DOE accepts a name-based criminal record check in lieu of a fingerprint-based check when an applicant for a teaching license is physically incapable of being fingerprinted; and (2) ensure that Alaska remains eligible to submit fingerprints to the FBI for national criminal record checks for persons applying for sensitive positions or licenses, by rewording certain statutes to meet requirements in federal law (Public Law 92-544). If the statutes are not reworded, the FBI will no longer accept fingerprints for national criminal record checks for certain licenses/positions after June 30, 2004. Since the bill preserves the status quo, there is no fiscal impact to DPS.

Prepared by: Diane Schenker, Criminal Justice Planner
 Division: Statewide Services
 Approved by: William Tandeske, Commissioner
 Agency: Department of Public Safety

Phone: 907-269-5092
 Date/Time: 3/8/04 8:40 AM
 Date: 3/8/2004

Final for SB 179

Called in 9: am

3/8/04.

Packet with "CS Forthcoming"
delivered to S. Secretary 10:10 am

REPORTED OUT

MAR 08 2004

SENATE FINANCE
COMMITTEE

23-LS0938\U
Luckhaupt
2/25/04

CS FOR SENATE BILL NO. 179()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred:**

Sponsor(s): SENATOR THERRIAULT

A BILL

. ACT ENTITLED

1 **"An Act relating to criminal history records and background checks; allowing persons**
2 **to teach in the public schools for up to five months without a teaching certificate if the**
3 **person has applied for a certificate and the application has not been acted upon by the**
4 **Department of Education and Early Development due to a delay in receiving criminal**
5 **history records; allowing teacher certification for certain persons based on a criminal**
6 **history background check without fingerprints; and providing for an effective date."**

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 *** Section 1. AS 04.11.295(a) is amended to read:**

9 (a) An applicant for the issuance or transfer of a license or a conditional
10 contractor's permit under this title shall submit to the board, with the application, the
11 applicant's fingerprints and the fees required by the Department of Public Safety
12 under AS 12.62.160 for criminal justice information and a national criminal history
13 record check. The board may require an applicant for renewal of a license or a

1 conditional contractor's permit under this title to submit fingerprints and pay fees as
2 required by this subsection. The board shall submit the fingerprints to the Department
3 of Public Safety to obtain a report of criminal justice information under AS 12.62 and
4 a national criminal history record check under AS 12.62.400. The Department of
5 Public Safety may submit the fingerprints to the Federal Bureau of Investigation for a
6 national criminal history record check. The board shall use the information obtained
7 under this section in its determination of an applicant's qualification for issuance,
8 transfer, or renewal of a license or a conditional contractor's permit.

9 * Sec. 2. AS 04.11.295(b)(1) is amended to read:

10 (1) "applicant" means all individuals whose names and addresses are
11 required to be provided with an application for a new license or permit under
12 AS 04.11.260;

13 * Sec. 3. AS 08.08.137 is amended to read:

14 Sec. 08.08.137. **Fingerprints.** The Board of Governors shall require an
15 applicant for admission to be fingerprinted and provide the fees required by the
16 Department of Public Safety under AS 12.62.160 for criminal justice information
17 and a national criminal history record check. The fingerprints and fees shall be
18 forwarded to the Department of Public Safety to obtain a report of criminal
19 justice information under AS 12.62 and a national criminal history record check
20 under AS 12.62.400 [USED TO DETERMINE WHETHER THE APPLICANT HAS
21 A RECORD OF CRIMINAL CONVICTIONS IN THIS STATE OR ANOTHER
22 JURISDICTION]. The Board of Governors may use the information obtained from
23 the fingerprinting only in its official determination of the character and fitness of the
24 applicant for admission to the Alaska Bar Association.

25 * Sec. 4. AS 08.24.120 is amended to read:

26 Sec. 08.24.120. **Application for operator's license.** (a) An application for
27 an operator's license shall be made on forms furnished by the department and must
28 contain the information required in AS 08.24.110 and the following:

29 (1) a complete set of fingerprints and the fees required by the
30 Department of Public Safety under AS 12.62.160 for criminal justice information
31 and a national criminal history record check;

- 1 (2) a 2" x 3" photograph showing a front view of head and shoulders;
2 (3) if it is an original application, the application fee;
3 (4) the biennial license fee.

4 (b) The department may make a complete investigation of applicants,
5 including inquiry of police agencies as to the applicant's record of arrest or conviction
6 of crime. The department shall submit the fingerprints and fees received under
7 (a)(1) of this section to the Department of Public Safety for a report of criminal
8 justice information under AS 12.62 and a national criminal history record check
9 under AS 12.62.400.

10 * Sec. 5. AS 08.68.100(a) is amended by adding a new paragraph to read:

11 (10) require applicants under this chapter to submit fingerprints and the
12 fees required by the Department of Public Safety under AS 12.62.160 for criminal
13 justice information and a national criminal history record check; the department shall
14 submit the fingerprints and fees to the Department of Public Safety for a report of
15 criminal justice information under AS 12.62 and a national criminal history record
16 check under AS 12.62.400.

17 * Sec. 6. AS 12.62.160 is amended by adding a new subsection to read:

18 (e) When an interested person requests information under (b)(9) of this
19 section, the department may also obtain a national criminal history record check under
20 AS 12.62.400 if the person submits the fingerprints and fees required for that check
21 under (d) of this section.

22 * Sec. 7. AS 12.62 is amended by adding a new section to read:

23 **Article 1A. National Criminal History Record Check.**

24 **Sec. 12.62.400. National criminal history record checks for employment,**
25 **licensing, and other noncriminal justice purposes.** To obtain a national criminal
26 history record check for determining a person's qualifications for a license, permit,
27 registration, employment, or position, a person shall submit the person's fingerprints to
28 the department with the fee established by AS 12.62.160. The department may submit
29 the fingerprints to the Federal Bureau of Investigation to obtain a national criminal
30 history record check of the person for the purpose of evaluating a person's
31 qualifications for

1 (1) a license or conditional contractor's permit to manufacture, sell,
2 offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage
3 under AS 04.11;

4 (2) admission to the Alaska Bar Association under AS 08.08;

5 (3) licensure as a collection agency operator under AS 08.24;

6 (4) licensure to practice nursing or certification as a nurse aide under
7 AS 08.68;

8 (5) a position involving supervisory or disciplinary power over a minor
9 or dependent adult for which criminal justice information may be released under
10 AS 12.62.160(b)(9);

11 (6) a teacher certificate under AS 14.20;

12 (7) licensure as a security guard under AS 18.65.400 - 18.65.490;

13 (8) a concealed handgun permit under AS 18.65.700 - 18.65.790;

14 (9) licensure as an insurance producer, managing general agent,
15 reinsurance intermediary broker, reinsurance intermediary manager, surplus lines
16 broker, or independent adjuster under AS 21.27;

17 (10) serving and executing process issued by a court by a person
18 designated under AS 22.20.130;

19 (11) a school bus driver license under AS 28.15.046;

20 (12) licensure as an operator or an instructor for a commercial driver
21 training school under AS 28.17;

22 (13) registration as a broker-dealer, agent, investment adviser
23 representative, or state investment adviser under AS 45.55.030 - 45.55.060;

24 * Sec. 8. AS 14.20.010 is amended to read:

25 **Sec. 14.20.010. Teacher certificate required.** A person may not be
26 employed as a teacher in the public schools of the state unless that person possesses a
27 valid teacher certificate except that a person who has made application to the
28 department for a teacher certificate, including a preliminary teacher certificate under
29 AS 14.20.015, or renewal of a teacher certificate that has not been acted upon by the
30 department may be employed as a teacher in the public schools of the state until the
31 department has taken action on the application, but in no case may employment

1 without a certificate last longer than three months. A person who has made
2 application for a certificate under this section may teach for an additional 60
3 days beyond three months without a certificate if the department grants a written
4 extension. An extension may be granted under this section for not more than 60
5 days to the person solely due to delay in the department's receipt of criminal
6 justice information under AS 12.62 or a national criminal history record check
7 under AS 12.62.400.

8 * Sec. 9. AS 14.20.020(c) is amended to read:

9 (c) The board may establish by regulation additional requirements for the
10 issuance of certificates. The board shall require teachers to submit fingerprints
11 and the fees required by the Department of Public Safety under AS 12.62.160 for
12 criminal justice information and a national criminal history record check. The
13 board shall submit the fingerprints and fees to the Department of Public Safety
14 for a report of criminal justice information under AS 12.62 and a national
15 criminal history record check under AS 12.62.400. The department shall establish
16 by regulation the fees to be charged for each certificate [, INCLUDING FEES FOR
17 CRIMINAL HISTORY BACKGROUND CHECKS] and for other charges assessed
18 against teachers as part of certification. In establishing the fees to be charged, the
19 department shall establish the fee levels so that the total amount of the fees collected
20 relating to the certification of teachers approximately equals, when added to the other
21 fees collected from teachers, the actual regulatory costs for certifying and disciplining
22 teachers in the state. The department shall annually review each fee level to determine
23 whether the regulatory costs are approximately equal to fee collections. If the review
24 indicates that fee collections and regulatory costs are not approximately equal, the
25 department shall calculate fee adjustments to the fees for certification of teachers and
26 adopt regulations under this subsection to implement the adjustments. In January of
27 each year, the department shall report on all fee levels and revisions for the previous
28 year under this subsection to the office of management and budget. The department
29 shall consider the board's recommendations concerning the fee levels and regulatory
30 costs before revising fee schedules to comply with this subsection. In this subsection,
31 "regulatory costs" means costs of the department that are attributable to regulation of

1 the teaching profession, including the portion of the expenses of the board that are
2 attributable to the regulation of the teaching profession and the expenses of the
3 Professional Teaching Practices Commission.

4 * Sec. 10. AS 14.20.020 is amended by adding a new subsection to read:

5 (j) Whenever required by a provision of this chapter to submit fingerprints to
6 use for a criminal background check for the purpose of determining a person's
7 suitability for employment as a teacher, the department shall accept a name-based
8 criminal history background check on a person from the agency performing the
9 background check if the

10 (1) person cannot submit legible fingerprint cards due to a permanent
11 disability that precludes the person's ability to submit fingerprints; or

12 (2) agency informs the department that its examination of at least two
13 separate sets of fingerprint cards shows that the person's fingerprints are illegible due
14 to a permanent skin condition.

15 * Sec. 11. AS 14.20.022(b) is amended to read:

16 (b) To be eligible for a subject-matter expert limited teacher certificate, a
17 person shall

18 (1) hold at least a baccalaureate degree from an institution of higher
19 education accredited by a recognized regional or national accrediting association or
20 approved by the commissioner and

21 (A) have majored or minored in the subject that the person will
22 be teaching; or

23 (B) have at least five years experience in the subject matter that
24 the person will be teaching;

25 (2) have submitted fingerprints and the fees required by the
26 Department of Public Safety under AS 12.62.160 for criminal justice information
27 and a national criminal history record check to the department; the department
28 must have submitted the fingerprints and fees to the Department of Public Safety
29 for a report of criminal justice information under AS 12.62 and a national
30 criminal history record check under AS 12.62.400 and the person must [TO BE
31 USED FOR A CRIMINAL HISTORY BACKGROUND CHECK AND] have been

1 found by the department to be suitable for employment as a teacher under
2 AS 14.20.020(f); and

3 (3) be currently enrolled in an approved post-baccalaureate teacher
4 education program at a regionally accredited institution meeting the requirements of
5 AS 14.20.020(b) that provides for completion of the regular teacher certificate
6 education requirements within two years after receipt of a subject-matter expert
7 limited teacher certificate under this section [; AND

8 (4) PAY THE FEE REQUIRED BY THE DEPARTMENT UNDER
9 AS 14.20.020(c) TO DEFRAY THE COST OF THE CRIMINAL HISTORY
10 BACKGROUND CHECK; THE AMOUNT MAY NOT EXCEED THE FEE
11 REQUIRED FOR APPLICATION FOR AN INITIAL REGULAR TEACHER
12 CERTIFICATE].

13 * Sec. 12. AS 18.20.302(b) is amended to read:

14 (b) Within 30 days after employing an individual in a paid position, a nursing
15 facility shall submit to the Department of Public Safety the fingerprints and fees
16 obtained under (a)(3) of this section. The Department of Public Safety shall submit
17 the fingerprints to the Federal Bureau of Investigation for a national criminal history
18 record check. When the results are received, the department shall advise the facility of

19 (1) the date on which the fingerprint background check was completed;

20 and

21 (2) whether the check shows that the individual has committed an
22 offense described in (c) of this section.

23 * Sec. 13. AS 18.65.410(a) is amended to read:

24 (a) Application for a license as a security guard must be made on forms
25 provided by the commissioner. The application must require the furnishing of
26 information reasonably required by the commissioner to carry out the provisions of
27 AS 18.65.400 - 18.65.490, including classifiable fingerprints and the fees required
28 under AS 12.62.160 for criminal justice information under AS 12.62 and a
29 national criminal history record check under AS 12.62.400 to determine if the
30 applicant has a [TO ENABLE THE SEARCH OF CRIMINAL INDICES FOR
31 EVIDENCE OF A PRIOR] criminal record. The application must be accompanied by

1 a nonrefundable application fee of \$50 for a security guard and \$200 for a security
2 guard agency.

3 * Sec. 14. AS 18.65.700(a) is amended to read:

4 (a) The department shall issue a permit to carry a concealed handgun to a
5 person who

6 (1) applies in person at an office of the Alaska State Troopers;

7 (2) qualifies under AS 18.65.705;

8 (3) submits a completed application on a form provided by the
9 department, that provides the information required under AS 18.65.705 and 18.65.710;
10 with each application form provided by the department, the department shall provide a
11 copy of the state laws and regulations relating to concealed handguns, which must
12 include a concise summary of where, when, and by whom a handgun can be carried
13 under state and federal law;

14 (4) submits two complete sets of fingerprints on Federal Bureau of
15 Investigation approved fingerprint cards that are of sufficient quality so that the
16 fingerprints may be processed; the fingerprints must be taken by a person, group, or
17 agency approved by the department; the department shall maintain a list of persons,
18 groups, or agencies approved to take fingerprints and shall provide the list to the
19 public upon request; the fingerprints shall be used to obtain a report of criminal
20 justice information under AS 12.62 and a national criminal history record check
21 under AS 12.62.400;

22 (5) submits evidence of successful completion of a handgun course as
23 provided in AS 18.65.715;

24 (6) provides one frontal view color photograph of the person taken
25 within the preceding 30 days that includes the head and shoulders of the person and is
26 of a size specified by the department;

27 (7) shows a valid Alaska driver's license or identification card at the
28 time of application;

29 (8) does not suffer a physical infirmity that prevents the safe handling
30 of a handgun; and

31 (9) pays the application fee required by AS 18.65.720.

1 * Sec. 15. AS 21.27.040(e) is amended to read:

2 (e) As part of the application required by (a) of this section, an applicant shall
3 furnish to the director a full set of fingerprints and the fees required by the
4 Department of Public Safety under AS 12.62.160 for criminal justice information
5 and a national criminal history record check so that the director may obtain
6 criminal justice information as provided under AS 12.62 about the applicant. The
7 director shall submit the completed fingerprint card and fees to the Department of
8 Public Safety for a report of criminal justice information under AS 12.62 and a
9 national criminal history record check under AS 12.62.400 [. THE
10 DEPARTMENT OF PUBLIC SAFETY IS AUTHORIZED TO SUBMIT THE
11 FINGERPRINTS TO THE FEDERAL BUREAU OF INVESTIGATION FOR A
12 NATIONAL CRIMINAL HISTORY RECORD CHECK].

13 * Sec. 16. AS 22.20.130(a) is amended to read:

14 (a) The commissioner shall be assisted in the execution of the authority and
15 duty vested by AS 22.20.100 - 22.20.140 by members of the division of state troopers
16 or Alaska state constabulary who the commissioner designates. The commissioner is
17 responsible on official bond for the acts of all persons designated under this
18 subsection. The persons designated under this subsection have the same authority and
19 duty granted to the commissioner and are subject to orders of the courts of the state in
20 the same manner as the commissioner. They are responsible to the commissioner and
21 to the courts, and shall be executive officers of the courts. In order to be designated
22 under this section, the commissioner may require the person to submit the
23 person's fingerprints and the fees required under AS 12.62.160 for criminal
24 justice information and a national criminal history record check. The
25 commissioner may obtain a report of criminal justice information under
26 AS 12.62 and a national criminal history record check under AS 12.62.400.

27 * Sec. 17. AS 28.15.046(b) is amended to read:

28 (b) The department may not issue a license under this section unless the
29 applicant

30 (1) is at least 21 years of age;

31 (2) has had a license to operate a motor vehicle at least three years

1 before the date of application;

2 (3) has successfully completed all required driving, written, and
3 physical examinations;

4 (4) has submitted the applicant's fingerprints, the fees required by
5 the Department of Public Safety under AS 12.62.160 for criminal justice
6 information and a national criminal history record check, and other information
7 sufficient to complete a background check consisting of a fingerprint check of national
8 criminal records and state criminal records of the state or states in which the applicant
9 has resided for the past two years; the department shall submit the fingerprints and
10 fees to the Department of Public Safety for a report of criminal justice
11 information under AS 12.62 and a national criminal history record check under
12 AS 12.62.400;

13 (5) has completed a state approved school bus driver training course
14 established under AS 14.07.020(a)(14) or has for the previous two years been licensed
15 by the state to operate a school bus.

16 * Sec. 18. AS 28.17.031 is amended by adding a new subsection to read:

17 (c) The department shall require an applicant for a license under this chapter
18 to submit the applicant's fingerprints and the fees required by the Department of
19 Public Safety under AS 12.62.160 for criminal justice information and a national
20 criminal history record check. The department shall submit the fingerprints and fees
21 to the Department of Public Safety for a report of criminal justice information under
22 AS 12.62 and a national criminal history record check under AS 12.62.400.

23 * Sec. 19. AS 45.55.040 is amended by adding a new section to read:

24 (k) The administrator shall require an applicant for registration under
25 AS 45.55.030 - 45.55.060 to submit the applicant's fingerprints and the fees required
26 by the Department of Public Safety under AS 12.62.160 for criminal justice
27 information and a national criminal history record check. The administrator shall
28 submit the fingerprints and fees to the Department of Public Safety for a report of
29 criminal justice information under AS 12.62 and a national criminal history record
30 check under AS 12.62.400.

31 * Sec. 20. This Act takes effect immediately under AS 01.10.070(c).

SENATE FINANCE COMMITTEE
3/8/2004 COMMITTEE ACTION

Bill Number	SB 179		
Amendment	CS "U"		
Motion	adopt		
<u>Motion by</u>	Green		
<u>Objection by</u> <u>Removed</u>	Wilken ✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stevens			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

Alaska State Legislature

SENATOR
GENE THERRIAULT

Mailing Address:
119 N. Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
Fax: (907) 488-4271

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884

Senate

Senate Bill 179: "An Act relating to criminal history records and background checks; allowing persons to teach in the public schools for up to five months without a teaching certificate if the person has applied for a certificate and the application has not been acted upon by the Department of Education and Early Development; allowing teacher certification for certain persons based on a criminal history background check without fingerprints; and providing for an effective date."

Sponsor: Senator Gene Therriault

To receive a teaching certificate in the State of Alaska an applicant must meet several criteria including a criminal background check to ensure the safety of our children. The criminal background check, by statute, is required to be verified by fingerprints submitted by the applicant. In the past, teachers have moved out of state or retired and then attempted to come back to teach in Alaska's schools. Unfortunately, in many cases their fingerprints have eroded over time from the years of handling paperwork.

Fingerprint experts state that the two most common professions where fingerprints erode to the point of illegibility are teachers and nurses. The problem is that when these teachers try to re-obtain their teaching certificate they run into the problem of not passing a background check because their fingerprints have been worn to the point that they are unreadable by examiners. Conditional certificates are then issued every three months when a new set of prints are submitted. The teachers are then required to go through a cycle of resubmitting fingerprints and receiving conditional certificates every three months and never actually having a criminal background check completed.

Senate Bill 179 will create an alternative for people who submit two separate sets of fingerprints in which the state fingerprint examiner determines to be illegible due to permanent skin condition. The applicant would then be allowed to have a background check performed based on their name, thus giving parents some assurance that a criminal background check is performed on all teachers and allow teachers without fingerprints to avoid the hassle of resubmitting fingerprints and paperwork every three months.

SB 179 creates the same alternative process for an applicant with a permanent disability that makes it impossible to submit fingerprints.

HESS Amendments

On April 16, 2003 Senate Bill 179 was brought before the Senate HESS committee and there were two conceptual amendments made. The following is an outline of the conceptual changes made in HESS that are contained in the HESS version and finalized and clarified in the ()CS before you.

Conceptual Amendment #1 by Senator Wilken by request of Senator Therriault:

This amendment is required by the Department of Justice to get Alaska Statute in compliance with federal law in order for the State to submit fingerprints to the Department of Justice to get federal background checks done on people in Alaska. If not included, the State of Alaska risks losing its ability to get federal background checks performed after July 30, 2004.

The majority of the changes accomplished with the amendment to come in compliance with Federal Law are included in Section 7 with a list of all state authorized reasons that a person is allowed to perform a "national criminal background check" with references to the individual corresponding statutory authority.

Upon creating this list it was noted that many sections of licensing authority and supervisory authority of minors and the elderly didn't contain authorization for fingerprinting. Much of the authorization was listed in regulation and never codified.

Conceptual Amendment #2 by Senator Wilken by request of Senator Therriault:

This amendment was suggested by teachers who were not getting their fingerprints returned in a timely manner. The teachers were being requested to submit additional prints even though their prints were not denied but were still being processed. In addition, some of the teachers who were not getting fingerprints processed within three months were being put on leave and were forced to be classified as a substitute teacher with lower pay and no benefits. The amendment would authorize the Department of Education to grant an additional sixty-day extension if the fingerprints are not returned within the three-month timeframe. This language is in section eight of the bill.

THE
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COPIES



U.S. Department of Justice

Federal Bureau of Investigation

Clarksburg, WV 26306

April 11, 2003

Ms. Diane Schenker
Manager
Criminal Records and Identification Bureau
Department of Public Safety
5700 East Tudor Road
Anchorage, AK 99507-1225

Dear Ms. Schenker:

Reference is made to your facsimile dated March 25, 2003, requesting an extension of the grace period to amend Alaska statutes, that were found defective during the comprehensive review conducted by the Access Integrity Unit (AIU).

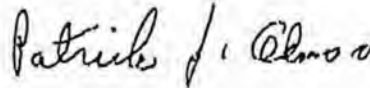
As requested we have changed the grace period from the original date of June 30, 2003, to June 30, 2004, to permit the amended statutes to be reviewed during the 2004 legislative cycle. However, should the defective statutes not be amended during your next legislative session, an additional grace period will not be granted and fingerprint submissions under the defective statutes will no longer be accepted.

Again, we appreciate your efforts to make the necessary changes to bring Alaska statutes into compliance with established Public Law 92-544 criteria. Please remember that the AIU stands ready to assist you by reviewing any proposed legislation.

Ms. Diane Schenker

Should you have further questions regarding this matter, please do not hesitate to contact Ms. Sandra Layman of the AII at (304) 625-2182.

Sincerely yours,



Patrick J. Adams
Chief
Programs Support Section
Criminal Justice Information
Services Division

Enclosure

1 - Ms. Kathryn M. Monfreda - Enclosure
Chief
Criminal Records and Identification Bureau
Department of Public Safety
5700 East Tudor Road
Anchorage, AK 99507-1225

STATE OF ALASKA

MEMORANDUM

State of Alaska
Department of Education
& Early Development

To: Zach Warwick, Legislative Aide
For Senator Therriault

Date: March 13, 2003

Phone:

File:

From: Linda Judd *Linda Judd*
Supervisor, Teacher Certification

Subject: Fingerprint Submissions

Per your request, Teacher Education & Certification has collected the following data for fiscal year 2003, to date.

Total number of applicants who submitted fingerprints:	1,567	
Applicants who were required to resubmit at least two times* for Alaska Department of Public Safety clearance	9	.6%
Applicants who were required to resubmit at least two times* for F.B.I. clearance	33	2.1%
Total number of applicants who were required to resubmit at least two times* (D.P.S. and F.B.I. combined)	42	2.7%

* "resubmit at least two times" means a total of at least three submissions (initial submission plus two resubmissions)

Regarding WORK DRAFT SB 179 (HES) : Finance \U\sec 10.

Honorable Senator Therriault and members of the Finance Committee:

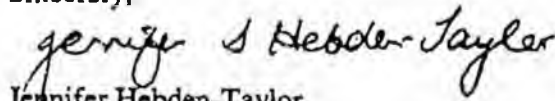
Please consider my testimony regarding Section 10:

I have been certified as an Alaskan teacher since 1981. Every subsequent five years it has been necessary to repeat fingerprint processing (rolling) numerous times at the only locally available agency, the Craig Police Department. The ridges normally required for finger print identification, are not well enough defined on my fingers to suit the Alaska Department of Education requirements. Home remedies such as soaking my hands in lotion and corn starch, avoiding all housework, and splitting of firewood, merely leave my home dirty and my children cold, and still do not promote better-defined prints. I had 8 finger print cards rolled for me, on three occasions, by the Craig Police Department in the past seven months. Chief See took the time to write a department letter to the Dept. of Education explaining that my particular fingerprints would likely consistently be illegible because my ridges were not well enough defined. He was upset with me that his letter was essentially ignored. This is not theoretically a medical condition, nor a disability, though apparently it is permanent and has not been cured by replacing our wood stove with a toyo stove.

My concern is that the language in Section 10 allows for the inclusion of public safety and police officers trained and familiar with fingerprint processing (rolling) as experts, in addition to medical doctors for purposes of determining that cases such as my own, where prints are repeatedly illegible, be included as "a permanent skin condition". Such is especially important considering the lack of access in rural Alaska to other than public safety officers as agencies to obtain prints. My Alaskan teaching certification fees already cost me seven times that of my Washington teaching certificate, and without health insurance, I cannot afford the added expense of a medical office visit to explain my non-medical skin "condition".

Thank you for your consideration,

Sincerely,


Jennifer Hebdon-Taylor

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 4/8/03

FURTHER: Finance

Date of 5-Day Notice: 4/10/03
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 5.9.03

Health, Education and Social Services Committee considered

SENATE BILL NO. 179

SB 179 TEACHER CERTIFICATION : FINGERPRINTS

"An Act allowing teacher certification for certain persons based on a criminal history background check without fingerprints."

and recommends:

- be replaced with _____ CS _____ SB 179 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
EED	4/14		x	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Wilkens</i> <i>Davis</i> <i>Gregory Wilkens</i> <i>Bethye Davis</i>	✓		X	
<i>Dyson</i> CHAIR: <i>Paul Dyson</i>	✓			

SB

180

SFIN

FILE

SB 180

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

Alaska State Legislature

SENATOR

GENE THERRIAULT

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Fairbanks, Alaska 99701

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While in session

State Capitol

Juneau, Alaska

99801-1162

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Senate

Senate Bill 180: "An Act establishing the Safety Code Task Force; and providing for an effective date."

Sponsor: Senator Gene Therriault 

There are five primary safety codes dealing with construction in Alaska which are under the jurisdiction of two different Departments. The Fire, Building, and Mechanical Codes are under the jurisdiction of the Fire Marshall at the Department of Public Safety. The Plumbing and Electrical Codes are governed by the Department of Labor. Each department is responsible for adopting a family of codes to bring uniformity and consistency to the construction industry. However, the current delegation of authority to the respective departments has caused a set of conflicts and discrepancies.

The mission of the Safety Code Task Force is to suggest options for consolidation of our code administration function. The Task Force will be charged with presenting recommendations to the legislature by the first day of the Second Regular Session of the Twenty-Third Alaska State Legislature.

The Safety Code Task force will consist of 9 members representing parties affected by the adoption of Safety Codes in the state. The make up of the task force is as follows:

- Appointee of the Senate President, Co-Chair
- Appointee of the Speaker of the House, Co-Chair
- Appointee of the Governor

The following members are to be appointed jointly by the Senate President and the Speaker of the House:

- Representative of the construction design community
- Representative of the construction engineering community
- Representative for general contractors
- Representative from the mechanical construction industry
- Representative from the electrical construction industry
- Representative from the plumbing construction industry

In addition an advisory panel will be appointed by the Governor representing the Division of Occupational Licensing, the Division of Fire Prevention, and the Department of Labor and Workforce Development. The purpose of this group is to advise the Task Force on the effect of any changes in code adoption to their respective agencies.

THE
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April 11, 2003

Senator Con Bunde
Chair, Senate Labor and Commerce
By FAX (907) 465-3871

Re: SB 180

Dear Senator Bunde:

It is critical that any task force set up to address the code issues facing Alaska be technically versed and familiar with the various issues. The specifics that face each engineering and construction discipline are as specific as the individual codes themselves. To assure this requires representation by the major disciplines dealing with their own code issues – not just architectural but structural, mechanical and so forth. Covering this adequately will take at least four different individuals, each from their own discipline. This is as true for design as it is for construction.

In addition, this task force should look at the inefficiencies caused by having different aspects of permitting scattered about state government. Building codes (life safety) are in Public Safety. Storm water and drainage are in DEC. Mechanical and Electrical codes are in Labor. Each takes a different view and approach to the process. The Department of Labor for instance refuses to review plans or offer code interpretations. They say in essence – “build it, and if we don't like what you build we'll cite you”. This is not conducive to orderly, planned development. In many ways it is a serious barrier.

In closing, thank you for considering such a task force. If done right, composed of technically informed and fair-minded people this could be a real help in resolving these issues.

Sincerely,

Jonathan P. Kumin
President, Kumin Associates, Inc.

Cc: Senator Gene Therriault, sponsor
FAX 465-3884



Alaska Professional Design Council • PO Box 100515 • Anchorage AK 99501-0515

12 April 2003

MEMBER
SOCIETIES

Alaska Society of
Professional
Engineers

Alaska Society of
Professional Land
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Congress on
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American Society
of Landscape
Architects Alaska
Chapter

Architecture/Engi
neering Marketing
Association of
Alaska

Professional
Engineers in
Private Practice
Alaska Chapter

American Society
of Interior
Designers

Senator Gene Therriault
State Capitol, Room 107
Juneau Alaska 99801

Dear Senator Therriault:

The Alaska Professional Design Council would like to thank you for introducing Senate Bill 180 establishing a task force to review the issue of safety code adoption in Alaska. Building safety is of paramount importance to all Alaskans and of particular interest to APDC. We provide these comments in an effort to ensure a balanced and efficient task force that will be able to review and provide the Legislature with positive, succinct recommendations in a very short time frame.


Our recommendations encompass two sections of the proposed legislation; taskforce membership [Section 1 (a)], and scope of work [Section 1 (b)].

First, regarding taskforce membership – there are several organizations that have statewide membership and members with a working knowledge of the safety codes from a design, ownership and enforcement perspective. Those organizations include the APDC, American Institute of Architects (AIA), American Society of Heating, Refrigeration and Air-conditioning Engineers (ASHRAE), American Society of Civil Engineers (ASCE), Alaska State Homebuilders Association, Building Owners and Managers Association (BOMA), and municipal building officials. Each of these constituencies bring a unique perspective to the discussion, and should be included in the taskforce as voting members. At a minimum, voting members should include one mechanical engineer, one structural engineer, one architectural or building professional, one representative from the building owners group, and one building official. APDC would also like to note that the electrical code is the same for both competing sets of code and therefore suggest that the Electrical Contractor position on the taskforce is not required.

Regarding the taskforce scope – APDC appreciates the desire to keep the scope of the task force limited to just selection of a set of safety codes, but respectfully suggests that the role of the taskforce should be focused on identifying a fair and equitable process by which codes should be adopted in Alaska. Our concern is that if one code is selected through a political process this time around, the likelihood of a political showdown occurring every three years is very high. APDC also suggests that the taskforce provide recommendations on consolidation of code oversight. There are currently several State Departments and Divisions responsible for adoption and implementation of various components of the safety codes. Putting one Department in charge of the code selection process that involves the other State Agencies as well as the impacted constituencies, will result in selection of a set of Safety Codes that provide the maximum safety benefit to all Alaskans.

APDC appreciates your interest in building safety and we look forward to working with you on this issue.

Sincerely,


Sam Kito III, PE
Chair, Legislative Liaison Committee
(907) 723-4686
skito@eci.net

cc: Senator Con Bunde, Chair Senate Labor & Commerce Committee
Lt Gov. Loren Leman

www.apdc-ak.org



CITY OF FAIRBANKS
Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615
OFFICE: 907-459-6793
FAX: 907-459-6787
smthompson@ci.fairbanks.ak.us

Attn: Senator Gary Wilken

FAXED
04/24/03

April 24, 2003

VIA FACSIMILE: (907) 465-3871

Senator Con Bunde
Chairman Senate Labor and Commerce Committee
State Capital Room 506
Juneau, Alaska 99801-1182

Re: SB 180 Safety Code Task Force

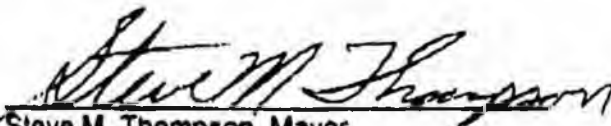
Dear Senator Bunde:

The City of Fairbanks has reviewed Senate Bill 180 wherein the purpose of said bill is to establish a task force for the purpose of reviewing and reevaluating available published safety codes. While we concur with the spirit and purpose of the Senate Bill, we respectfully disagree with its composition. More accurately we believe that municipal participation should be included on the task force. A representative from a full service building or fire department should be a standing member of the task force. If the task force is to reach an equitable solution and provide a meaningful recommendation to the legislature it is essential that personnel who provide daily plan review and inspections for municipal code compliance be provided an opportunity to engage in this important decision. To do otherwise, would exclude valuable expertise and insight.

We also request that any appointment to the task force not result in duplicate representation. Please feel free to contact me if you have any questions. We look forward to hearing from you and the committee.

Sincerely,

CITY OF FAIRBANKS


Steve M. Thompson, Mayor

CC: City Council
Interior Delegation
Steve Shuttleworth
Code Review commission
File

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 4/8/03

FURTHER: Finance

Date of 5-Day Notice: 4/10/03
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/25/03

Labor and Commerce Committee considered SENATE BILL NO. 180

SB 180 SAFETY CODE TASK FORCE

"An Act establishing the Safety Code Task Force; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 180 (L&C)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
LAA	4/24/03	✓		1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:

	Do PASS	Do NOT PASS	No REC	AMEND
Davis <i>B. Davis</i>			✓	
French <i>[Signature]</i>			X	
Seekins <i>[Signature]</i>	✓			
G. Stevens <i>[Signature]</i>	✓			
CHAIR: <i>Bunde</i>	✓			

SENATE FINANCE COMMITTEE

SIGN-IN

SB 180-SAFETY CODE TASK FORCE

NAME: Sam Kito III Subject/Bill No: SB180
Co./Dept./Title: AK Prof. Design Council Phone: 723 6486
Address: 120 Box 21192 Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: Gary Powell Subject/Bill No: SB180
Co./Dept./Title: State Fire Marshal Phone: 269-5491
Address: 5700 E. Tudor Zip: 99507
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SB

182

SFIN

FILE

SB 182

was referred to the
Senate Finance
Committee

No hearing was held
on this bill

SB

185

HFIN

FILE

Amended / Adopted R/O

AMENDMENT \ A

OFFERED IN HOUSE FINANCE
TO: CSSB 185 Z Version

BY REPRESENTATIVE BERKOWITZ
& Kerttula
& Whitaker

1 Page 9, Line 9; add a new section to read:

2
3 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 REPORT TO THE LEGISLATURE. On or before the first day of the Second
6 Regular Session of the Twenty-Third Alaska State Legislature, the commissioner of
7 natural resources shall prepare a report to the legislature. The report must include a
8 discussion of

9 (1) Specific incentives which could be used to spur oil and gas
10 exploration;

11 (2) A comprehensive plan to lower pipeline tariffs for independent (oil)
12 producers; *an analysis of the distribution*

13 (3) A comprehensive plan for reasonably priced access to facilities
14 and infrastructure; *analysis of the*

15 (4) An informational study on the higher cost of exploration and
16 development in the state and plans to mitigate that higher cost; *analysis of the*

17 (5) The potential costs and benefits inherent to each incentive and
18 plan. *option*

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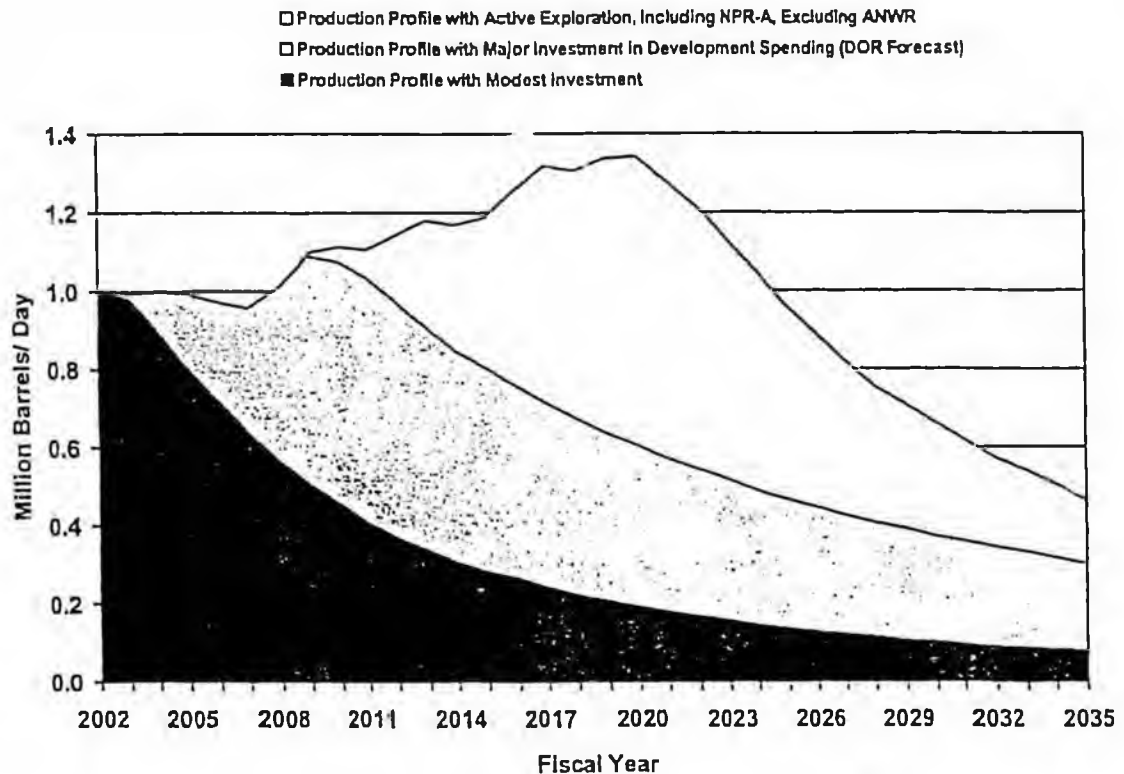
May 12, 2003

Cost of Exploration

Azerbaijan	\$ 0.05
Canada, Northwest Ter.	\$ 0.10
Australia	\$ 0.18
Norway	\$ 0.22
Qatar	\$ 0.22
Brunei	\$ 0.25
Malaysia	\$ 0.30
Canada, Nova Scotia	\$ 0.35
Oman	\$ 0.35
Venezuela - Orinoco Belt	\$ 0.35
Indonesia	\$ 0.38
Thailand	\$ 0.45, less depending on level of production
Colombia	\$ 0.45
Trinidad & Tobago	\$ 0.45
Abu Dhabi	\$ 0.50
Kazakhstan	\$ 0.55, some agreements much less
Alberta	\$ 0.58
China	\$ 0.60, less depending on level of production
United Kingdom	\$ 0.60
Sakhalin, Russia	\$ 0.62, much less depending on level of production
US Gulf of Mexico	\$ 0.65
Alaska - Current	\$ 0.65

Source: PEDRO VAN MEURS

Figure 3. ANS Production Forecast
Modest Investment vs. Significant Investment vs. New Discoveries



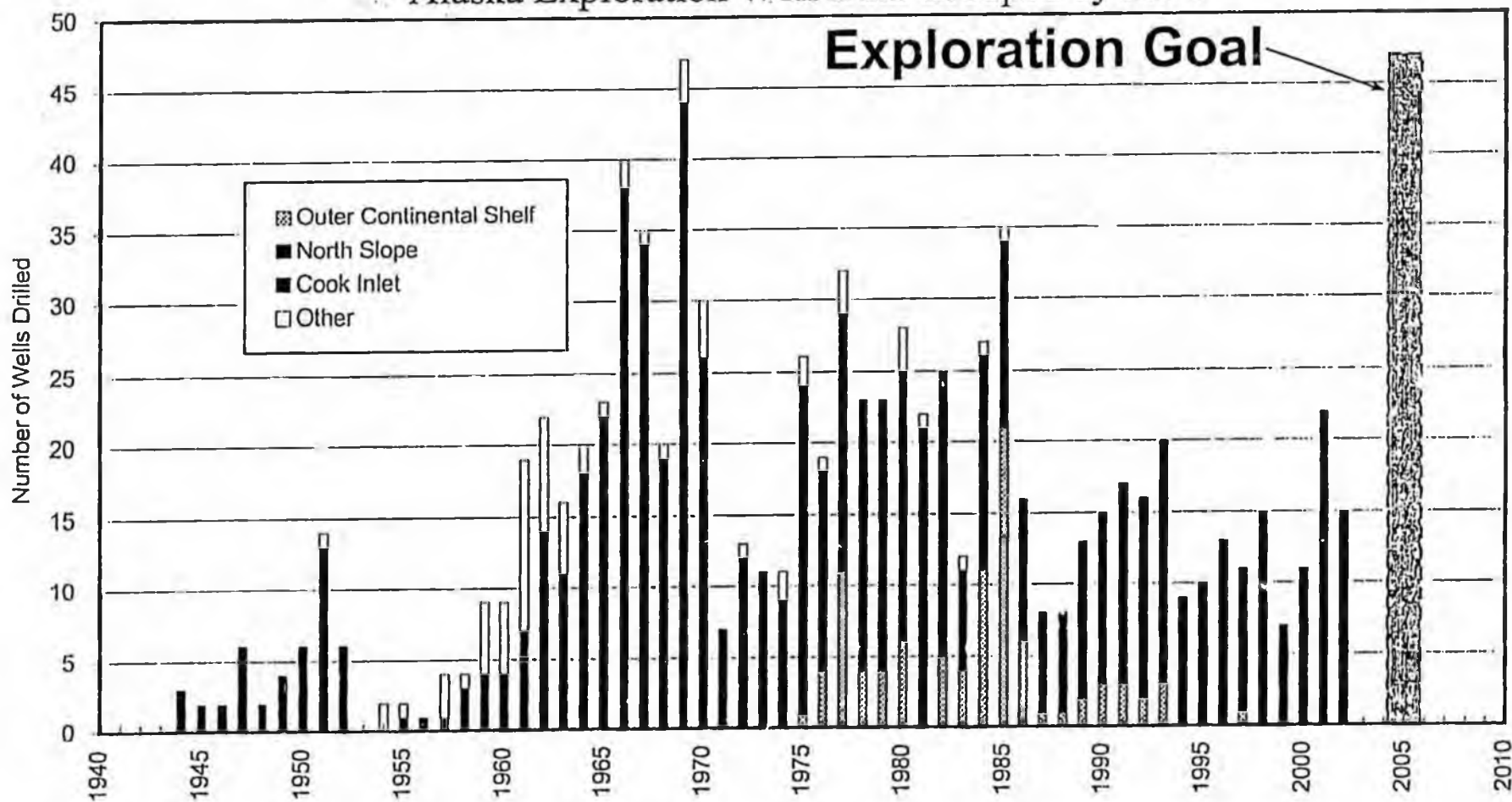
For discovered fields, we believe it will cost \$3 per barrel to drill the necessary wells and provide the infrastructure to produce the additional 4.7 billion barrels of discovered North Slope oil requiring substantial investment. (These are the 4.7 billion barrels of the 8.5 billion barrels already discovered on the slope that require significant investment, as opposed to the 3.8 billion barrels that could be produced with more moderate investments in the operations, safety and integrity of the facilities.) Therefore, to fully replace the 365 million barrels of reserves (1 million barrels per day) produced each year, the companies must spend around \$1.1 billion per year (\$3 per barrel x 365 million barrels).⁽⁶⁾ In addition, the companies must spend \$300 million per year in LTO capital just to preserve the safety and integrity of their facilities and to maintain a base flow of oil.

For undiscovered fields, and to maintain at least a million barrels a day of production in the following decade, new fields will need to be discovered this decade at a projected finding cost of \$1 per barrel.

(6) As development spending on discovered fields declines, development spending on newly discovered fields must increase to maintain production levels.

In Order to Increase Alaskan Oil Production the Number of Exploration Wells Drilled per Year Must Dramatically Increase.

Alaska Exploration Well Data Grouped by Area



Number of Alaskan Exploration Wells Drilled per Year

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

May 19, 2003

SUBJECT: HCS CSSB 185 (Finance) (Work Order No. 23-LS0962\E)

TO: Representative John Harris
Representative Bill Williams
Co-chairs of the House Finance Committee

FROM: Jack Chenoweth
Assistant Revisor of Statutes

The committee substitute incorporates the amendment debated and adopted in committee with minor grammatical changes that are not intended to change the content or meaning of the committee's language as I understand it.

In its paragraphs (2) and (3), the new bill section requests coverage in the proposed report of material that expands beyond the two specific items identified in the bill title -- Cook Inlet production royalty reduction and exploration expenses credited against the severance tax. It speaks of "pipeline tariffs" and "costs of access" -- items not easily squared with the content of the draft reported by the House Special Oil and Gas Committee. The only connection that we perceive between these two specific elements of the proposed report and the content of the remainder of the bill ties to the commissioner and the legislature's evaluation of the need to grant or approve the exploration credit against the severance tax. The relationship is present, albeit tenuous.

Will you want a title amendment, or are you prepared to report the bill with the current title and risk an objection that the title of HCS CSSB 185 (Finance) is defective?

JBC:med
03-576.med

AMENDMENT 1 am

OFFERED IN HOUSE FINANCE
TO HCSSB 185 (O & G) Z VERSION

BY REPRESENTATIVES BERKOWITZ
KERTTULA
WHITAKER

Page 9, Line 9; add a new section to read:

Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT TO THE LEGISLATURE. On or before the first day of the Second Regular Session of the Twenty-Third Alaska State Legislature, the commissioner of natural resources shall prepare a report to the legislature. The report must include a discussion of

- (1) Specific incentives which could be used to spur oil and gas exploration;
- (2) An analysis of the impact of pipeline tariffs on independent oil producers;
- (3) An analysis of the costs of access to facilities and infrastructure;
- (4) An analysis of the costs of exploration and development in the state and opportunities or approaches to mitigate that higher cost;
- (5) The potential costs and benefits inherent to each option.

AMENDMENT 1 am

OFFERED IN HOUSE FINANCE
TO HCSSB 185 (O & G) Z VERSION

BY REPRESENTATIVES BERKOWITZ
KERTTULA
WHITAKER

Page 9, Line 9; add a new section to read:

Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT TO THE LEGISLATURE. On or before the first day of the Second Regular Session of the Twenty-Third Alaska State Legislature, the commissioner of natural resources shall prepare a report to the legislature. The report must include a discussion of

- (1) Specific incentives which could be used to spur oil and gas exploration;
- (2) An analysis of the impact of pipeline tariffs on independent oil producers;
- (3) An analysis of the costs of access to facilities and infrastructure;
- (4) An analysis of the costs of exploration and development in the state and opportunities or approaches to mitigate that higher cost;
- (5) The potential costs and benefits inherent to each option.



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER
CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
VICE-CHAIR, SENATE RESOURCES COMMITTEE

SPONSOR STATEMENT **SB – 185: ROYALTY REDUCTION ON CERTAIN OIL**

SB 185 amends statutes to provide for reduction of royalty on oil produced in certain Cook Inlet fields and platforms as they near the end of their production capability.

The intent of the legislation is to provide a monetary incentive in the form of royalty relief to maximize production from old fields and extend the longevity of Cook Inlet oil platforms. In return, there is continued employment in the area rather than a loss of jobs due to abandonment of the fields.

There is also more production than would otherwise be realized because the fields will have become more economical due to the reduced costs. That results in more oil production than would have originally been realized, and subsequently more unexpected royalty revenues, even at a reduced rate.

Encouraging production in these marginal fields will extend their life by a minimum of 18 to 24 months – a considerable extension of employment opportunities in the Cook Inlet basin.

SB 185 also offers exploration severance tax credits to explorers for work performed on or after July 1, 2003 and before July 1, 2007.

At the present time, maximum tax credits for exploration in Alaska results in costs of about 65 cents out of \$1, which compares very poorly with the credits of our near competitors in Canada – Northwest Territory where the costs are 10 cents. Alaska is at the bottom of the list in terms of exploration credits.

This bill will result in a 40% tax credit for exploration applied against severance taxes that would reduce the costs in Alaska to some 39 cents – about the middle of the range.

SS SB 185 S(FIN) 5-14-03



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER

CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

VICE-CHAIR, SENATE RESOURCES COMMITTEE

H-O&G Amendment to SB 185 (version "U")

- Page 7, line 3, following "spudded":
Revised language regarding "preexisting" so that it is "more than 150 days but less than 15 years" (old version was not less than 150 days)
- Page 7 line 20, following "department", insert "and within six months of the completion of the exploration activity,"
- Page 7, line 26, following "geophysical data", inserted additional language regarding filling of a claim for credit and adding "whichever is later"
- Page 8 line 5, deleted "if the claimed expenditures are for an exploration well and"
- Page 8, line 6, following "interest in", delete "that well" and insert "a well or seismic"
- Page 8, line 7, delete "interest in the exploration well" insert and "cost incurred"

SB 185 5-18-03: mj

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 185(FIN)
 (S) Publish Date: 5/14/03

Revision Date/Time (Note if correction): 5/9/2003 Dept. Affected: Natural Resources
 Title: Royalty Reduction on Certain Oil BRU: Resource Development
 Component: Oil and Gas Development
 Sponsor: Wagoner
 Requester: Senate Finance Component No. 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (1004)	(436.9)	(847.4)	(1042.1)	(938.6)	(561.5)	(485.1)
----------------------------------	----------------	----------------	-----------------	----------------	----------------	----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 SB 185 amends AS 38.05.180(f)(5) to permit reduced royalty rates to as low as 5 percent for oil production from submerged lands in Cook Inlet. This royalty reduction would apply primarily to oil produced from offshore platforms and is tied to the daily rate of oil production. While SB 185 will result in a net loss in state revenues, it is expected to extend the field or platform life, thereby increasing future field or platform production and revenues in the out-years beyond what is likely to occur otherwise. Cumulative estimated net royalty revenue lost over the six-year forecast horizon FY 2004-09 is estimated to be (\$4,312) thousand or about (\$719) thousand per year (undiscounted). These estimates include cumulative undiscounted royalty revenue benefits of about \$800 thousand (\$570 thousand when discounted) from field-life extension that could arise as a result of royalty relief of the type offered in SB 185. These fiscal impacts do not consider the broader employment and regional economic effects from extended platform life. Also, field-life extension also provides an opportunity for additional exploration from existing platforms.

Prepared by: Mark D. Myers Phone 269-8802
 Division: Oil and Gas Date/Time 5/9/2003
 Approved by: Tom Irwin, Commissioner Date 5/9/2003
 Agency: Natural Resources

FISCAL NOTE #2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSSB 185(FIN)

ANALYSIS CONTINUATION

SB 185 recognizes three broad groups of platforms, distinguished primarily by economic attributes associated with the degree of water handling and water injection. Platforms with major water handling and/or injection include: Dolly, Grayling, King Salmon, Steelhead, and Monopod. When oil production on these platforms falls below 1,200 barrels of oil per day (BPD) for at least one calendar quarter as certified by AOGCC, then the royalty percentage associated with that production would fall from whatever rate applies under the lease to a rate of 5 percent "for as long as the volume of oil produced from the platform remains less than 1,200 barrels a day." If average production from the field or platform that had declined below 1,200 BPD rises above this threshold for a period of at least one calendar quarter, then the bill provides for a schedule of upward royalty adjustments to production beyond the one-quarter term.

Platforms that presently employ moderate water handling and/or injection include those associated with the Middle Ground Shoal Field: Baker, Dillon, XTO.A and XTO.C. SB 185 contemplates 975 barrels of oil per day as the economic limit rate of production for this group of moderate water-handling platforms. Platform oil production below this threshold would trigger royalty reduction from whatever rate applies under the lease to a rate of 5 percent. Stepwise upward adjustments in the royalty percentage, similar to those described above apply as oil production recovers to a rate of 1,350 BPD for a sustained period of at least one calendar quarter.

Platforms that do not presently employ substantial water handling and/or injection include: Granite Point, Anna, and Bruce in the Granite Point Field. SB 185 provides for 750 barrels of oil per day as the economic limit rate of production for this group of platforms that would trigger royalty reduction from whatever rate applies under the lease to 5 percent. Royalty percentage upward adjustments, similar to those described under the 1,200 BPD threshold apply when oil production recovers for a sustained period of at least one calendar quarter. Note, the 750 BPD economic-limit rate of production also, applies to the West McArthur River field.

Over the past three-to-four decades, fifteen offshore, oil-production platforms have facilitated oil and gas operations in six offshore oil fields in the Cook Inlet Basin. Oil production on most of these platforms began around 1965-to-1967. The Osprey Platform, owned by Forest Oil, started continuous oil production in December 2002. Oil production from the Spark and Spurr platforms was shut-in in January 1992 and July 1992, respectively. The Dillon Platform, which served the Middle Ground Shoal oil field since September 1967, was shut-in by Unocal in January 2003. At present, twelve platforms support oil-production operations in the Cook Inlet Basin.

Three of the twelve active platforms currently produce oil at daily rates below the 750 barrels of oil per day (BPD) threshold contained in SB 185. These platforms, and the dates that corresponding production fell below 750 BPD are:

Platform	Field	Operator	Gross Production FY2002 / FY2003 (BPD)	Date Production falls below 750 BPD
Bruce	Granite Point	Unocal	612 / 476	July 1987
Dillon	Middle Ground Shoal	Unocal	423 / 374	March 1987
Baker	Middle Ground Shoal	Unocal	723 / 558	June 2002

The royalty revenue loss to the state would be approximately \$1.03 million FY 2002 and \$0.9 million in FY 2003 had SB 185 been in effect during these periods.

Several platforms would be expected to trigger royalty relief under SB 185 during the FY2004 - FY2009 forecast horizon. If the rates of platform production continue to follow the historic patterns of decline, then the rate of production is expected to fall below 1,200 BPD for the King Salmon Platform in August 2004 and Steelhead in April 2005; platform production for XTO.C is expected to fall below 750 BPD in February 2004, as indicated in the following table:

Platform	Field	Operator	Gross Production (BPD) FY2002 / FY2003	Expected Date Production falls below	
				975 BPD	1,200 BPD
King Salmon	McArthur River	Unocal	7,468 / 3,891		Aug 2004
Steelhead	McArthur River	Unocal	1,914 / 1,584		April 2005
XTO.C	Middle Ground Shoal	XTO	1,047 / 1,099	Feb 2004	

FISCAL NOTE #2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO.

CSSB 185(FIN)

ANALYSIS CONTINUATION

The Dillon platform was shut-in in January 2003 and Baker is subject to imminent shut-in based on representations made by Unocal. These platforms are assumed to be shut-in for purposes of the forward fiscal impact analysis. The value of Cook Inlet crude oil in future years is assumed to be \$20.00 per barrel. The estimated cumulative gross royalty revenue loss is (\$5.1) million undiscounted over the six-year forecast period (equals (\$4.1) million when discounted at 8% per year), based on the difference between expected royalty revenue with and without the provisions contained in SB 185, not counting potential incremental production from extended field or platform life. When the cash-flow impact of royalty reduction under SB 185 is taken into account, delayed platform shut-in is expected for four platforms (including Bruce, described above) during the forecast horizon. The shut-in deferment would range between 2 and 14 months for a given platform. The resulting shut-in delays would generate between 500-to-900 thousand barrels of total incremental production (includes working-interest and royalty), of which approximately one-third would occur in the FY 2005-06 timeframe. The remainder of incremental production would occur during FY 2008-09 and beyond. The cumulative, upside royalty impact of the expected incremental production would range between \$400-to-\$800 thousand, depending on assumptions regarding threshold rates of production, discounting, and timing of ultimate platform shut-in.

Taking all short- and long-run factors into consideration, the overall royalty revenue impact of SB 185 would be approximately (\$4.3) million [(\$5.1) million in royalty foregone plus about \$0.8 million in royalty gain from extended platform life] or about (\$719) thousand per year (net) over the six-year period, FY 2004-2009. Note that these fiscal impacts do not consider the broader employment and regional economic effects from extended platform life.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

No. 3
Bill Version: CSSB 185(FIN)
(S) Publish Date: 5/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Royalty Reduction / BRU Revenue Operations
Production Tax Credit Component Tax Division
Sponsor Senator Wagoner
Requester Senate Finance Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	81.9	81.9	81.9	81.9	81.9	81.9
Travel	10.0	10.0	10.0	10.0	10.0	10.0
Contractual	10.0	1.0	1.0	1.0	1.0	1.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	107.9	93.9	93.9	93.9	93.9	93.9

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	**	**	**	**	**	**
-------------------------------	----	----	----	----	----	----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	107.9	93.9	93.9	93.9	93.9	93.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	107.9	93.9	93.9	93.9	93.9	93.9

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

** See attachment for analysis

Prepared by: Dan Dickinson, Director Phone 269-1033
Division: Tax Division Date/Time 5/11/03 12:11 PM
Approved by: Bill Corbus, Commissioner Date 5/11/2003
Agency: Department of Revenue

This legislation is intended to provide financial incentives for increased oil and gas exploration in Alaska.

The Department of Revenue's fiscal note deals only with the changes to AS 43.55 (oil and gas production tax) and not the changes in this legislation to AS 38.05 (royalties), which are addressed by the Department of Natural Resources.

This legislation creates a 20% credit against oil and gas production taxes for exploration wells drilled more than three miles from other wells, and a second 20% production tax credit for exploration wells drilled more than 25 miles from established units (including Point Thomson). The second credit may be additive to the first, for a maximum 40% production tax credit. In addition, this legislation creates a 40% credit against oil and gas production taxes for seismic operations outside of existing units.

Oil and gas exploration spending in Alaska totals approximately \$200 million per year. This is in addition to maintenance and operations spending, development costs of new wells, and the cost of enhancing existing production.

For purposes of this discussion, the Department assumes 75% of current total exploration expenditures would be eligible for the 20% production credit and that 30% of total exploration expenditures would be eligible for the 40% credit. This would create a reduction in revenues of approximately \$50 million per year (a 20% credit against 75% of \$200 million a year, or \$30 million, plus a 40% credit against 25% of \$200 million a year, or \$20 million per year).

If the credit doubles the amount of exploration at the same ratio, the annual reduction in oil and gas production tax revenues to the state would total \$100 million per year. However, if the exploration leads to further production, there could be additional royalties, oil production taxes, oil and gas property taxes and corporate income taxes totaling hundreds of millions of dollars in subsequent years. During the four years the exploration credit in this legislation would be available, there likely would be minimal new revenues to offset the revenue loss, with significant new production likely to start flowing after the credit has expired.

This credit brings Alaska more in line with international competitive practices, removing a disincentive for exploration in Alaska relative to other oil regions.

Operating Expenses

This new credit will require one Revenue Auditor V to write emergency regulations in time for the 2003-2004 winter drilling season and to audit between \$200 million and \$400 million of activity per year.

Representative Berkowitz WITHDREW his MOTION and MOVED Amendment #1.a

Vice-Chair Meyer OBJECTED. He asked what is meant by independent oil producers. Does this reflect a concern for Cook Inlet or TAPS? Mr. Porter? Indicated that //

Representative Kerttula stated that mostly North Slope and mostly //Mr. Porter indicated that removing "independent oil producers" would be more inclusive.

Representative Berkowitz noted that that the cost of exploration expenses might be anywhere in the state.

Representative Whitaker maintained that the intent is that pipeline tariffs, TAPS, prohibit some producers?? He asked if this needed to be specifically spelled out. Mr. Porter stated that this intent was sufficiently

Representative Hawker offered to clarify lines 4 and 5. He suggested that (4) be changed to read "an analysis of the costs of exploration and development in the state and opportunities or approaches to mitigate that higher cost".

Representative Whitaker suggested that the report need not be overly comprehensive. Representative Hawker concurred that his suggested was to focus on viable and immediate opportunities.

Representative Hawker also MOVED to AMEND the Amendment (5) to finish "inherent to each option."

~~NO OBJECTION~~ Amendment 1.A was ADOPTED.

Mr. Porter clarified that the Department would not be able to analyze the impacts immediately the impacts of the bill. Representative Berkowitz emphasized that this was his concern with the bill. Mr. Porter clarified that they would not be able to analyze the effectiveness of the bill until the following year.

Representative Berkowitz pointed out that his intent was that next session, when an oil and gas bill was introduced, the research would give adequate background information.

Representative Joule MOVED to report CSSB 185 (FIN) out of Committee with the accompanying fiscal note NO OBJECTIONS.

was REPORTED out of Committee with

Senator Thomas Wagoner, Sponsor